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1967

YEAR ENDED JULY 31, 1967

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**CANADIAN DYNOL
MINES LIMITED**

HEAD OFFICE:
SUITE 509 - 25 ADELAIDE STREET WEST
TORONTO 1, ONTARIO

**ANNUAL
REPORT**

Officers

S. A. PERRY, F.C.I.S. *President*
G. D. PATTISON, C.A. *Vice-President*
R. D. BELL, C.A. *Secretary-Treasurer*
J. P. BRISBOIS, C.A. *Assistant Secretary-Treasurer*

Directors

COLIN A. CAMPBELL, P.Eng. *Toronto, Ontario*
P. S. CROSS, P.Eng. *Toronto, Ontario*
G. C. KNOWLES *Toronto, Ontario*
L. PANCER, P.Eng. *Toronto, Ontario*
G. D. PATTISON, C.A. *Toronto, Ontario*
S. A. PERRY, F.C.I.S. *Toronto, Ontario*
HARLOW H. WRIGHT, P.Eng. *Toronto, Ontario*

Auditors

THORNE, GUNN, HELLIWELL & CHRISTENSON
TORONTO, ONTARIO

Transfer Agents

GUARANTY TRUST COMPANY OF CANADA
TORONTO, ONTARIO

Head Office

SUITE 509, 25 ADELAIDE ST. WEST, TORONTO, ONTARIO

Canadian Dyno Mines Limited

Suite 509, 25 Adelaide Street West
Toronto 1, Ontario

Directors' Report

To the Shareholders:

Submitted herewith are the financial statements of your Company for the year ended July 31, 1967, with Auditors' Report dated September 29, 1967.

Early in 1967 the Company commenced a major exploration program in searching for base metal mineral deposits in the Pikitigushi-Crescent-Toronto Lakes area in northwestern Ontario, located about ten miles north of the main transcontinental line of the Canadian National Railways at a point about thirty miles northeast of the town of Armstrong. Following a study of the geology of the area, combined airborne electromagnetic and magnetic surveys were conducted over areas considered to have potential. Following the airborne surveys 322 claims in 15 separate groups were staked to cover the most interesting anomalies. The claims staked are geographically located over a length of 30 miles. Later in the year one claim group was enlarged by the staking of 11 additional claims, bringing the Company's holdings to a total of 333 claims in the area. Ground follow-up work consisting of electromagnetic, magnetic, geological and geochemical surveys, prospecting and rock trenching was carried out during the latter part of 1967. During this period eight groups of claims and parts of two other groups were investigated. Of the many anomalies outlined in the ground surveys, most exhibit good to excellent conductivity features, magnetic correlation, coincident geochemical activity, width-length characteristics and are situated in a geological environment favourable for the presence of mineral deposits. On two of the claim groups located in the Pikitigushi Lake area, trenching revealed that most of the anomalies were due to massive sulphide mineralization containing a low tenor of copper, zinc, gold and nickel mineralization. On a comparative basis the anomalies outlined on certain other of the claim groups are identical in quality, but are generally masked by a much greater thickness of glacial material. Following completion of geophysical and geological examination of the remaining claims it is considered that a program of diamond drilling of up to 10,000 feet of drilling will be required to evaluate the geophysical indications.

Basin Explorations (Ireland) Syndicate in which a 10% interest is held by your Company has continued its exploration work on various areas in the Republic of Ireland held under prospecting license. During the year 1967 four anomalous areas were tested by diamond drilling. In two of these areas further diamond drilling is warranted. At this time the Syndicate retains 13 prospecting licenses.

The Company's investment in 1,227,820 shares of New Quebec Raglan Mines Limited, a company controlled by Falconbridge Nickel Mines Limited, continues to increase in value and significance. During the 1967 exploration season at Raglan's Ungava area nickel property diamond drilling increased indicated tonnages and work relating to the shaft collar for the proposed exploration shaft for underground exploration in the Raglan West area including construction of service and camp facilities were substantially completed.

The Company also holds for investment 1,215,000 shares of Lorado Uranium Mines Limited which through a wholly-owned Bahamian subsidiary owns about 16.5% of the outstanding shares of The Grand Bahama Development Company Limited (the "Development Company"). The Development Company, which is engaged in the sale of land and holds an interest in several ancillary companies, all on Grand Bahama Island, has continued to show impressive growth over the past year.

The operations of Canadian Vendbar Industries Limited to date have not come up to expectations and consequently the Company's investment has been written down to a nominal value.

If you are unable to attend the forthcoming Annual Meeting, it would be appreciated if you would sign and return your proxy in the envelope provided for your convenience.

On behalf of the Board of Directors,

S. A. PERRY,
President.

Toronto, Ontario,
January 12, 1968.

Canadian Dyno Mines Limited

Auditors' Report

To the Shareholders of
CANADIAN DYN0 MINES LIMITED:

We have examined the balance sheet of Canadian Dyno Mines Limited as at July 31, 1967 and the statements of income, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at July 31, 1967 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, GUNN, HELLIWELL & CHRISTENSON,

Chartered Accountants.

Toronto, Canada,
September 29, 1967.

Canadian Dyn

(Incorporated under the laws of the Province of Ontario)

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JULY

(with comparative figures for the year ended 1966)

Assets

	<u>1967</u>	<u>1966</u>
CURRENT ASSETS:		
Cash	\$ 7,695	\$ 15,703
Accounts receivable	7,760	112,131
	<u>15,455</u>	<u>127,834</u>
INCOME TAXES RECOVERABLE (note 1)	110,496	110,496
INVESTMENTS:		
Subsidiary companies (note 2)		
Canadian Vendbar Industries Limited	1	487,285
Others	3	3
Mining and other companies (note 3)		
Shares	3,102,846	3,657,600
Debentures and accrued interest	741,262	704,390
Loans receivable and accrued interest	593,089	1,031,857
	<u>4,437,201</u>	<u>5,881,135</u>
MINING CLAIMS, at cost (note 4)	157,932	143,905
DEFERRED EXPLORATION (note 5)	136,405	111,631
	<u>\$ 4,857,489</u>	<u>\$ 6,375,001</u>

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Liabilities

	<u>1967</u>	<u>1966</u>
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 222,350	\$ 3,545
Balance due on acquisition of interest in Lorado Uranium Mines Limited		1,000,000
	<u>222,350</u>	<u>1,003,545</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK:		
Authorized — 3,000,000 shares, par value \$1 each		
Issued — 2,861,000 shares	2,861,000	2,861,000
CONTRIBUTED SURPLUS	2,028,168	2,028,168
	<u>4,889,168</u>	<u>4,889,168</u>
RETAINED EARNINGS (DEFICIT)	(254,029)	482,288
	<u>4,635,139</u>	<u>5,371,456</u>
	<u>\$ 4,857,489</u>	<u>\$ 6,375,001</u>

CONTINGENT LIABILITIES (note 6)

Approved on behalf of the Board

S. A. PERRY, *Director*.

G. D. PATTISON, *Director*.

Canadian Dyno Mines Limited

STATEMENT OF INCOME YEAR ENDED JULY 31, 1967 (with comparative figures for 1966)

	1967	1966
Income from investments	\$ 116,459	\$ 116,205
EXPENSES:		
Exploration:		
Consulting fees and expenses	15,600	4,075
Grubstakes	500	1,359
Other	14,073	441
	30,173	5,875
Administration:		
Administration fee	10,000	10,000
Annual report	7,414	1,859
Directors' fees	8,120	8,400
Interest	18,399	
Legal and audit	3,176	21,073
Listing and transfer expenses	4,307	3,709
Officers' salaries	3,000	20,000
Rent		3,600
Sundry	2,038	2,142
	56,454	70,783
	86,627	76,658
NET INCOME FOR THE YEAR (note 7)	\$ 29,832	\$ 39,547

STATEMENT OF DEFICIT YEAR ENDED JULY 31, 1967 (with comparative figures for 1966)

	1967	1966
Retained earnings at beginning of year	\$ 482,288	\$ 421,180
Add:		
Net income for the year	29,832	39,547
Profit on sale of investments	45,617	27,142
Recovery of prior years' losses of Dyno Homes Corporation Limited	2,000	6,000
	559,737	493,869
Deduct:		
Write-down of investment in Canadian Vendbar Industries Limited to nominal value	807,506	
Write-off of advances to other mining companies	6,260	
Cost of mining claims abandoned		3,600
Expenditures incurred thereon		7,981
	813,766	11,581
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	\$ (254,029)	\$ 482,288

Canadian Dyno Mines Limited

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED JULY 31, 1967

(with comparative figures for 1966)

	<u>1967</u>	<u>1966</u>
SOURCE OF FUNDS:		
Sale of investments	\$ 834,055	\$ 316,904
Loans receivable	280,788	14,370
Recovery of prior years' losses of Dyno Homes Corporation Limited	2,000	6,000
	<u>1,116,843</u>	<u>337,274</u>
APPLICATION OF FUNDS:		
Operations:		
Interest on loans receivable not a current source of funds	<u>116,916</u>	<u>77,979</u>
<i>Less:</i>		
Net income for the year	29,832	39,547
Write-off of non-current assets	<u>8,620</u>	<u></u>
	<u>38,452</u>	<u>39,547</u>
	78,464	38,432
Purchase of shares in other companies	401	1,523,507
Advances to subsidiary companies	325,000	169,400
Advances to other companies	300	747,100
Acquisition of mining claims	14,028	
Deferred exploration	24,774	
Accounts receivable written off	5,060	
Notes receivable transferred to loans receivable		125,500
	<u>448,027</u>	<u>2,603,939</u>
Increase (decrease) in working capital position	668,816	(2,266,665)
Working capital (deficiency) at beginning of year	<u>(875,711)</u>	<u>1,390,954</u>
Working capital deficiency at end of year	<u>\$ 206,895</u>	<u>\$ 875,711</u>

Canadian Dyno Mines Limited

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JULY 31, 1967

1. INCOME TAXES RECOVERABLE:

The company's objection to assessments totalling approximately \$900,000 for the years 1961 to 1963 inclusive were upheld in part by a decision of the Tax Appeal Board dated March 31, 1966. The Minister of National Revenue has appealed this decision to the Exchequer Court and the recoverability of the amount of \$110,496 held by the Receiver General of Canada in connection therewith depends on the results of this appeal which has not yet been heard.

The company has pledged 600,000 shares of New Quebec Raglan Mines Limited having a market value at July 31, 1967 of \$3,240,000 to the Receiver General of Canada as security.

2. INVESTMENT IN SUBSIDIARY COMPANIES:

Canadian Vendbar Industries Limited

The company's investment in Canadian Vendbar is comprised as follows:

76.5% interest in issued shares, at cost	\$ 217,507
\$175,000 principal amount of 6% debentures due January 31, 1976, at cost, interest to accrue from August 1, 1967	155,000
6% demand notes — interest waived up to July 31, 1967	435,000
	<hr/>
	807,507
Less provision for loss on investment	807,506
	<hr/>
	\$ 1

The investment has been written down to a nominal value because Canadian Vendbar has not been able to operate profitably to date. The company's share of the loss of Canadian Vendbar for the year ended June 30, 1967 amounts to approximately \$157,000. Losses of Canadian Vendbar attributable to the shares held by the company aggregate approximately \$377,000.

Because the nature of Canadian Vendbar's business is entirely different from that of the company, its accounts have not been consolidated herein.

Subsequent to July 31, 1967, the company has advanced to Canadian Vendbar an additional \$115,000 including payment of the bank loan guaranteed in note 6.

Other Subsidiary Companies

The investment in and advances to three subsidiary companies have been written down to a nominal value of \$1 each and as all the companies are inactive it is not considered desirable to consolidate the accounts.

3. INVESTMENT IN MINING AND OTHER COMPANIES:

Shares

Shares of other mining companies are valued at cost less proceeds of disposals or at written down value. These shares had a market value of approximately \$8,487,000 at July 31, 1967.

Because in some instances large blocks of shares are involved, market values are not necessarily indicative of amounts that might be realized if the investments were to be sold.

Investments having a market value of \$6,551,500 have been pledged in support of the contingent and other liabilities (see notes 1 and 6).

Debentures

These consist of \$670,000 principal amount of Consolidated Halliwell Limited 6½% debentures due May 31, 1970, at a cost of \$637,400 and interest accrued to July 31, 1967 of \$103,862.

These debentures are without quoted market value because they are not actively traded. Mogul Mines Limited has guaranteed payment of principal and any unpaid interest thereon at May 31, 1970, the date of maturity.

NOTES TO FINANCIAL STATEMENTS (Continued)
YEAR ENDED JULY 31, 1967

Loans Receivable and Accrued Interest

Lorado Uranium Mines Limited, secured, subject to the claims of the bank (see note 6), by pledge of 1,890,000 15/- shares of The Grand Bahama Development Company Limited	\$ 577,489
Other	15,600
	<u>\$ 593,089</u>

4. MINING CLAIMS:

22 patented claims in Cardiff Township, Ontario, acquired for 10,000 shares of the company's capital stock valued at 40¢ per share and \$58,807 cash	\$ 62,807
8 patented claims in Errington Township, Thunder Bay Mining Division, Ontario, acquired for cash	56,098
4 unpatented claims in the Eastmain Region, Township 3214, Quebec, held under development licenses, acquired for cash	25,000
185 unpatented claims in the Pikitigushi, Crescent, Ratte Lakes area, Patricia Mining Division, Ontario, acquired for cash	7,862
137 unpatented claims in the Falcon, Junior, Toronto Lakes area, Patricia Mining Division, Ontario, acquired for cash	6,165
	<u>\$ 157,932</u>

5. DEFERRED EXPLORATION CONSISTS OF THE FOLLOWING:

	Balance at beginning of year	Expenditures during year	Charged to income	Balance at end of year
Auguabelle and Clericy Townships		\$ 5,551	\$ 5,551	
Basin Syndicate		6,000	6,000	
Crescent Lake Area		20,446		\$ 20,446
Eastmain Region		4,284		4,284
Errington Township	\$ 111,631	44		111,675
General		2,522	2,522	
	<u>\$ 111,631</u>	<u>\$ 38,847</u>	<u>\$ 14,073</u>	<u>\$ 136,405</u>

6. CONTINGENT LIABILITIES:

The company is contingently liable for \$500,000 under a guarantee of the bank loan to Lorado. The company has pledged marketable securities having a market value at July 31, 1967 of \$3,311,500 and 1,890,000 15/- shares of The Grand Bahama Development Company Limited as collateral in connection with the guarantee.

The company is contingently liable for \$75,000 under a guarantee of the bank loan to Canadian Vendbar.

7. INCOME TAXES:

No provision for income taxes is required for the current year as a result of the application of losses for tax purposes in prior years against the current year's income.

8. EXPENSES:

Remuneration of directors and senior officers (as defined by The Corporations Act) amounts to \$11,120 for the current year.

